

Chairperson: Steve Cady, 278-4347
Clerk: Jodi Mapp, 278-4073

SELECT COMMITTEE ON DEFERRED COMPENSATION

Monday, February 13, 2006 – 9:00 a.m.

Milwaukee County Courthouse - Room 203-P

MINUTES

CASSETTE #: **8; Side B, 180 to EOT**
9; Side A, 001 to EOT
9; Side B, 001 to EOT

PRESENT: *Mark Grady, Emily Van Dunk, Rick Ceschin, Veronica Britt, and Steve Cady (Chair)

*The Corporation Counsel appointed Mark Grady to replace Mary Ann Grimes who will be unavailable to serve on the Committee for an indeterminate period of time.

SCHEDULED ITEMS:

**** CLOSED SESSION ****

The Committee may adjourn into closed session under the provisions of Wisconsin Statutes, Section 19.85(1)(f), for the purpose of discussing the following matter(s). The Committee may reconvene into open session to take whatever action(s) it may deem necessary on the said matter(s).

1. 06DC1 Appeal(s) from deferred compensation participant(s) of decisions regarding request(s) for hardship withdrawal(s) of funds from Milwaukee County's Deferred Compensation Plan.

8/B-203 **There were no appeals.**

2. 06DC2 From Virchow Krause & Company, regarding fee reconciliation review of third party administrator charges. **(INFORMATIONAL, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

APPEARANCES:

Howard Marklein, Virchow Krause & Company
Craig Nemeth, Virchow Krause & Company
Jerome Heer, Director of Audits

SCHEDULED ITEMS (CONTINUED):

8/B-217 Mr. Marklein explained that there was a misunderstanding between Milwaukee County and Great-West regarding the calculation of charges. A settlement arrangement was made between the two, and Virchow Krause & Company was engaged to take an independent look at the settlement and produce a report (copy attached to original minutes). Mr. Marklein went over their findings in regards to the settlement. He indicated that as far as the number of participants were concerned, there were occasionally differences in the number of participants in the plan in various work papers. It was determined that Great-West took a conservative approach and always used the lower number in developing this settlement calculation, which was in the County's favor.

Mr. Marklein stated that there were very minor differences regarding Great-West's detail calculations, which in the aggregate totaled \$50. He indicated that Virchow Krause & Company was very comfortable with the clerical accuracy of the settlement. The number of participants, the account values, and the fees charged all appeared to be reasonable. The summary reports all reconcile, so they did not see any variances there. The total deposited from the period 10/01/94 to 06/30/05 appeared to be appropriate and was deposited into the County's forfeiture account on 08/15/05. The interest that was calculated appeared to be calculated appropriately. Virchow Krause & Company did extend the scope of their work to include the final quarter, because it was made available, ending 09/30/05. That also was properly reconciled and the appropriate deposit was made into the County's forfeiture account.

8/B-275 The Chairman expressed the need for better external monitoring to be in place. Mr. Heer agreed and stated that because of the size and complexity of the plan, it would make sense to have some sort of annual review. Mr. Heer indicated that a full-blown audit would not be necessary. However, if a series of relatively high-risk areas within the plan could be identified, they could be put on a cycle for review. The Chairman indicated that if the Committee would like, he would work with the Director of Audits and perhaps Virchow Krause to do a formal risk assessment and bring that back to the Committee. The Chairman would then work with the Director of Audits to develop an RFP for this Committee's approval. The Committee agreed.

ACTION BY: (Ceschin) Work with Director of Audits, Corporation Counsel, and possibly an external consulting firm to conduct a risk assessment for the purposes of developing an organized plan review. 5-0

AYES: Grady, Van Dunk, Ceschin, Britt and Cady (Chair) – 5

NOES: 0

SCHEDULED ITEMS (CONTINUED):

3. 05DC25 From Ennis Knupp and Associates, recommending revisions to the State of Investment Policy and Investment Guidelines of the Milwaukee County Plan of Deferred Compensation. **(Laid over from 11/14/05 meeting.)**

APPEARANCES:

Russ Ivinjack, Ennis Knupp and Associates
Laurel Nicholson, Ennis Knupp and Associates

- 8/B-376 Mr. Ivinjack made reference to the Statement of Investment Policy (copy attached to original of minutes) and indicated that the intent of updating the policy was to reflect changes made in the fund lineup and to simplify it. Specific guidelines for many of the mutual fund options in the plan are run according to their prospectus. The specific guidelines that the County had for the mutual fund options didn't apply to the funds because they're supposed to adhere to the prospectus guidelines as they register with the SEC. The key aspects of the Investment Policy Statement are still in place.

Mr. Ivinjack went on to discuss the purpose of the plan, types of investment options offered, policies and constraints of the Stable Value Fund and the Money Market Fund, monitoring of each of the investment options, periodic reviews of each of the funds in the program, and the individual participant responsibility. He also touched base upon the individual investment guidelines that will be used for the funds, the benchmarks, and what the objectives are for each of the funds.

Questions and comments ensued.

ACTION BY: (Ceschin) Move approval of the plan document with the expectation that Ennis Knupp will provide additional language under the monitoring section of the document. 5-0

AYES: Grady, Van Dunk, Ceschin, Britt and Cady (Chair) – 5

NOES: 0

4. 06DC3 From Department of Administrative Services-Information Management Services Division (DAS-IMSD) and Ceridian Corporation, regarding the status of the proposed human resource and payroll interface with the County's Deferred Compensation program. **(INFORMATIONAL, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

APPEARANCE:

Hugh Morris, Business Systems Project Manager, Information Management Services (DAS)

SCHEDULED ITEMS (CONTINUED):

9/A-105 Mr. Morris indicated that he met with Paul Corchado from Great-West and Kelly Nesemann who is the Project Manager from Ceridian. The meeting addressed what the plan is to interface with Great-West. What is being proposed is that County employees use the existing Great-West interface to do their enrollments, manage their investments, review the performance of said investments, and to assign their beneficiaries. It is also being proposed that a link be placed on the self-service portion of the Ceridian site that will come up for employees that will allow them to link directly to the Great-West site. The information that is being exchanged is demographic information from the Ceridian System and in return, there are deductions whether it is an add, change, or delete that comes back to the Ceridian payroll system. Mr. Morris referred to the diagram (copy attached to original minutes) that he distributed to the Committee. He also discussed items that need further work. They are getting a demographic file layout from Great-West to Ceridian, getting a deduction interface layout from Ceridian to Great-West, and Mr. Morris would like the Committee to consider what information is going to be shared with Great-West. In the plan to implement Ceridian, the system would track active employees only. Mr. Morris indicated that the system would not be maintaining retirees' records. He recommended getting a separate interface from Vitech to track retirees.

Questions and comments ensued.

9/A-318 The Chairman stated that he would follow-up by obtaining information from in-house and outside counsel regarding the legality on transferring demographic information as far as confidentiality is concerned. He also stated that he would start to engage with the Vitech people.

The Committee took no action regarding this informational report.

5. 06DC4 Discussion on whether a Request for Proposals (RFP) process should be initiated so that the current contract for third party administrator services could be terminated after September 30, 2006.

9/A-334 The Chairman referred everyone to the memo (copy attached to original minutes) that he wrote addressing the current contract with Great-West. He indicated that their contract would automatically renew for an additional year unless they are notified in writing by March 30, 2006, that the Committee would be doing a Request for Proposals (RFP) process. The Chairman stated that bringing this forward is in no way speaking about the performance of the current record keeper. However, it will be twelve years into this contract, and it seems appropriate to consider putting the contract out for public bid. He commented that there's probably no way a thorough RFP process could be done even if the process began immediately to have a new record keeper in place beginning October 1, 2006. If the incumbent record keeper were not selected, Great-West

SCHEDULED ITEMS (CONTINUED):

would work with whoever was selected for a smooth transition so that the roll out would be the least disruptive to the County and its participants.

ACTION BY: (Van Dunk) Move to reject the initiation of the Request for Proposals (RFP) process at this time. 5-0

AYES: Grady, Van Dunk, Ceschin, Britt and Cady (Chair) – 5

NOES: 0

**** CLOSED SESSION ****

The Committee may adjourn into closed session under the provisions of Wisconsin Statutes, Section 19.85(1)(e), for the purpose of discussing the following matter. The Committee may reconvene into open session to take whatever action(s) it may deem necessary on the said matter.

6. 06DC5 Proposal from Ennis Knupp and Associates, outlining consulting services to assist the County in a Request for Proposals (RFP) process for third party administrator duties.

APPEARANCES:

Russ Ivinjack, Ennis Knupp and Associates

Laurel Nicholson, Ennis Knupp and Associates

Ennis Knupp and Associates provided the Committee with a report (copy attached to original minutes) outlining their proposed process, services, and fees to identify a third party administrator for Milwaukee County's Deferred Compensation Plan. They structured the plan in a way that would give this Committee a lot of hands on review with the proposals.

- 9/A-418 Mr. Ivinjack began the presentation by explaining in detail exactly what services Ennis Knupp and Associates offer. Ms. Nicholson walked the Committee through the report submitted by reviewing all documents included which are the overview letter that details fees for the project, a sample work plan, a sample request for proposal, and a sample search document. Mr. Ivinjack did advise the Committee that going through a payroll conversion at the same time you are going through a defined contribution provider conversion will be very difficult, and the likelihood of errors occurring are magnified. Ennis Knupp usually advise their clients to get the payroll conversion up and running and in place. Everything should be smoothed out enough so if a different vendor is selected or if you stay with the current vendor, it will be a fairly easy process. He stated that the worse thing that could happen to a defined contribution plan is there is an administrative blow up and people lose confidence in the plan itself. It's always better to have the systems in place first and foremost.

SCHEDULED ITEMS (CONTINUED):

Questions and comments ensued.

ACTION BY: (Van Dunk) Adjourn into closed session under the provisions of Wisconsin Statutes, Section 19.85(1)(c), (e), (g), for the purpose of discussing Item #6 above. At the conclusion of the closed session, the Committee may reconvene in open session to take whatever action(s) it may deem necessary on the aforesaid item. 5-0

AYES: Grady, Van Dunk, Ceschin, Britt and Cady (Chair) - 5

NOES: 0

The Committee convened into closed session at approximately 10:15 a.m. and reconvened in open session at approximately 10:45 a.m. The roll call was taken and all Committee Members were present.

ACTION BY: (Van Dunk) Lay item over to the call of the Chair. 5-0

AYES: Grady, Van Dunk, Ceschin, Britt and Cady (Chair) – 5

NOES: 0

7. 06DC6 Fourth Quarter 2005 Performance Report from Ennis Knupp and Associates.
(INFORMATIONAL, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

APPEARANCES:

Russ Ivinjack, Ennis Knupp and Associates

Laurel Nicholson, Ennis Knupp and Associates

- 9/A-687 Mr. Ivinjack and Ms. Nicholson gave the Committee an update on the Fourth Quarter Performance Report and the Milwaukee County Deferred Compensation Plan Performance Update Return Summary Ending 01/31/2006 (copies attached to the original minutes) emphasizing the areas of Market Environment, Fixed Income Funds, Balanced Funds, U.S. Stock Funds, and Non-U.S. Stock Funds.

Questions and comments ensued.

The Committee took no action regarding this informational report.

8. 06DC7 From Ennis Knupp and Associates, providing an analysis of the J.P. Morgan Capital Growth Fund. **(INFORMATIONAL, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

SCHEDULED ITEMS (CONTINUED):

APPEARANCES:

Russ Ivinjack, Ennis Knupp and Associates
Laurel Nicholson, Ennis Knupp and Associates

- 9/B-306 Ms. Nicholson indicated that because of the fund's less than stellar performance, they took a look at how it compared to other mutual funds that employ a similar style and capitalization strategy. Ennis Knupp found that compared to mid-cap growth funds with a similar style, J.P. Morgan has generated an above average return and a near-average level of risk. Overall, Ms. Nicholson indicated that performance has been adequate.

Questions and comments ensued.

The Committee took no action regarding this informational report.

9. 06DC8 From Great-West Retirement Services, regarding Stable Value Fund activities since the transfer restriction was lifted. **(INFORMATIONAL, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

APPEARANCES:

Duane Jeffers, Great-West Retirement Services
Paul Corchado, Great West Retirement Services

- 9/B-436 Mr. Jeffers announced that the Great-West team is now complete and took time to introduce the Committee to new staff members. The staff changes are reflected in a memo (copy attached to original minutes) distributed by Mr. Jeffers.

- 9/B-484 Mr. Corchado referred the Committee to the Milwaukee County Stable Value Fund report (copy attached to the original minutes), which is comprised of a summary of securities and a graph. He spoke about collateralized mortgage obligations, book value, market value, the duration, and the returns and credited rates, which cover what the fees are, what the current yield is, and what the net yield is to participants. Mr. Corchado went on to explain transactions to or from the Custom Stable Value Fund.

Questions and comments ensued.

The Committee took no action regarding this informational report.

10. 06DC9 Fourth Quarter 2005 Summary Report on Milwaukee County's Deferred Compensation Plan from Great-West Retirement Services. **(INFORMATIONAL, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

SCHEDULED ITEMS (CONTINUED):

APPEARANCE:

Paul Corchado, Great-West Retirement Services

9/B-556 Mr. Corchado invited the Committee to visit the EMJAY facility and attend a Fiduciary Responsibilities Workshop in March or April at a time that is convenient for the Committee members. Mr. Corchado also offered the Committee to participate in a Lifecycle/Lifestyle Mutual Funds presentation.

Mr. Corchado continued by referring the Committee to the Fourth Quarter 2005 Summary Report and an additional letter (copies attached to the original minutes) distributed regarding participant information. Because the majority of the information supplied in this document was covered in previous items on the agenda, Mr. Corchado focused on Reality Investing. He discussed what three tiers of the services are, how it's behaviorally based, what the fee structure is, and participant growth.

Questions and comments ensued.

The Committee took no action regarding this informational report.

11. 06DC10 From Great-West Retirement Services and Ennis Knupp and Associates, regarding continuing education opportunities. **(INFORMATIONAL, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

APPEARANCE:

Laurel Nicholson, Ennis Knupp and Associates

9/B-658 Ms. Nicholson referred the Committee to the information provided (copy attached to original minutes) on their annual client conference, which will be May 31st through June 1st with a sample agenda and quarterly client educational sessions that also included a sample agenda.

9/B-672 The Chairman also commented that Mr. Choice, from Reinhart Boerner, offered the availability of his firm for additional fiduciary training to the Committee.

Questions and comments ensued.

ACTION BY: (Ceschin) Move to approve reimbursement of travel and lodging for participation in the Ennis Knupp client conference on May 31st through June 1st. 5-0

AYES: Grady, Van Dunk, Ceschin, Britt and Cady (Chair) – 5

NOES: 0

SCHEDULED ITEMS (CONTINUED):

12. 06DC11 Future regularly scheduled meetings of the Select Committee on Deferred Compensation:
- May 22, 2006
 - July 31, 2006
 - November 13, 2006
 - February 12, 2007

9/B-711 The Chairman announced the next regularly scheduled meeting date of May 22, 2006. He indicated that if there were any hardship withdrawal requests that would require for the Committee to meet before then, everyone will be notified.

ADDENDUM ITEM

13. 05DC30 From Great-West Retirement Services, regarding preferred method of response to abusive trading by Plan participants. **(Laid over from 11/14/05 meeting.)**

APPEARANCES:

Paul Corchado, Great-West Retirement Services
Darryl Collier, Great-West Retirement Services
Attorney Ben Choice, Reinhart Boerner

8/B-620 Mr. Corchado began by explaining that since the last meeting in November, Great-West has updated its abusive trading policy (copy attached to original minutes), which outlines three options. Mr. Corchado presented the options to the Committee.

8/B-643 The Chairman indicated that the Committee previously recommended that the policy be reviewed by outside legal counsel. Attorney Choice, a representative of the law firm of Reinhart Boerner, addressed the Committee regarding his review of the document. He noted two issues. First, an option needs to be selected amongst the three offered. The second point that was raised was the issue of communication. It has to be made sure that the consequences are communicated to participants regarding the buying and selling in and out of a fund. It should be more than just a letter after the fact. Participants should be given some kind of up front disclosure. Mr. Choice suggested a possible note on the web page where people make investment selections have a reference to abusive trading indicating limitations and restrictions.

8/B679 Mr. Collier indicated that Great-West does have the capability to have a pop up screen that has the fund restrictions. If a fund is going to levy some type of redemption fee, it actually gives them an estimate of what it's going to be before they commit to the transaction, so participants are well aware of any possible negative impact on their trading activity. The redemption fee will apply to any

SCHEDULED ITEMS (CONTINUED):

participant that goes in and out of a fund in a period less than sixty days. The redemption fee will be two percent of the amount of the transaction, and it will be withheld as a penalty for breaching the trade agreement. The pop up screen is already being rolled out.

Mr. Corchado added that what Great-West has done is liberalize the procedure which would now restrict people to just paper only trades. This new procedure would only restrict them to that one fund, where as before, all activity would be put on a paper trade basis. You were restricted as an individual. Now, you are only restricted with that particular fund. The individual is still free to trade amongst the other funds and access those funds electronically. This is seen as an improvement and not as restrictive on the violator.

Questions and comments ensued.

ACTION BY: (Grady) Move to adopt Option (1) which would be a blanket policy for all unbundled funds and incorporate said Option into the Policy Statement. 5-0

AYES: Grady, Van Dunk, Ceschin, Britt and Cady (Chair) – 5

NOES: 0

STAFF PRESENT:

Jerome Heer, Director of Audits

Hugh Morris, Business Systems Project Manager, Information Management Services (DAS)

This meeting was recorded on tape. The foregoing items were not necessarily considered in agenda order. Committee files contain copies of the subject reports, communications, resolutions, and ordinances, which may be reviewed upon request to the Chief Committee Clerk. The official copy of these minutes is available in the County Board Committee Services Division.

Length of meeting: 9:03 a.m. to 12:03 p.m.

Adjourned,

Jodi Kapp

Committee Clerk

Select Committee on Deferred Compensation

Chairperson: Steve Cady, 278-4347

Clerk: Jodi Mapp, 278-4073

SELECT COMMITTEE ON DEFERRED COMPENSATION

Monday, March 27, 2006 – 1:00 p.m.

MINUTES

PRESENT: Mark Grady, Rick Ceschin, Veronica Britt, and Steve Cady (Chair)

SCHEDULED ITEMS:

The Select Committee on Deferred Compensation visited the EMJAY Corporation, a subsidiary of Great-West Retirement Services Inc., at 5001 N. Lydell Avenue, Glendale, WI, to tour the plan participant call center and receive educational briefings. No action was taken by the Committee.

The Committee received the following information:

- ❑ A tour of the participant call center, including demonstrations of technology to service Plan clients, staff training and problem resolution protocols.
- ❑ A presentation on Lifestyle/Lifecycle Funds and the Stable Value Fund presented by Alex Roitz and Al Cunningham of Great-West Retirement Services/Advised Assets Group (AAG)
- ❑ A seminar on fiduciary responsibilities presented by Marilyn Collister, Great-West Retirement Services.

Staff Present

George Webb, Senior Vice-President, Great-West Retirement Services

Marilyn Collister, National Director Regulatory Policy, Great-West Retirement Services

Al Cunningham, Director, Advised Assets Group

Alex Roitz, Research Analyst – Government Markets, Advised Assets Group

Paul Corchado, Account Manager, Great-West Retirement Services

Marco Gruchalski, Account Executive, Milwaukee County, Great-West Retirement Services

Vicki Johnson, Account Executive, Milwaukee County, Great-West Retirement Services

Sue Oelke, Account Manager, Wisconsin State Deferred Compensation, Great-West Retirement Services

Vicki Spittel, Manager, Customer Service, Great-West Retirement Services

Dan Burger, Associate Manager, Customer Service, Great-West Retirement Services

This meeting was not recorded on tape and the Committee Clerk was not in attendance. The Committee was not scheduled to take action on any items and none was taken.

Length of meeting: 1:00 p.m. to 5:00 p.m.

Adjourned,

Steve Cady

Committee Chair

Select Committee on Deferred Compensation

Chairperson: Steve Cady, 278-4347
Clerk: Jodi Mapp, 278-4073

SELECT COMMITTEE ON DEFERRED COMPENSATION

Monday, May 22, 2006 – 9:00 a.m.

Milwaukee County Courthouse - Room 203-P

MINUTES

CASSETTE: 10; Side A, 001 to EOT
10; Side B, 001 to EOT
11; Side A, 001 to 500

PRESENT: Mark Grady, Rick Ceschin, Veronica Britt, and Steve Cady (Chair)
EXCUSED: Emily Van Dunk

SCHEDULED ITEMS:

**** CLOSED SESSION ****

The Committee may adjourn into closed session under the provisions of Wisconsin Statutes, Section 19.85(1)(f), for the purpose of discussing the following matter(s). The Committee may reconvene into open session to take whatever action(s) it may deem necessary on the said matter(s).

1. 06DC12 Appeal(s) from deferred compensation participant(s) of decisions regarding request(s) for hardship withdrawal(s) of funds from Milwaukee County's Deferred Compensation Plan.

10/A-19 **There were no appeals.**

2. 06DC13 Report from Department of Administrative Services-Information Management Services Division (DAS-IMSD) and Ceridian Corporation regarding the status of the proposed human resource and payroll interface with the County's Deferred Compensation program. **(VERBAL REPORT, INFORMATIONAL, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

APPEARANCES:

Kelly Nesemann, Project Manager, Ceridian
Hugh Morris, Business Systems Project Manager, Information Management Services (DAS)

SCHEDULED ITEMS (CONTINUED):

10/A-48 Ms. Nesemann stated that Ceridian is working on two files. The first file will be set up to capture deductions. Once an employee enrolls, changes, or stops the 457, Great-West will capture that information on the internet and produce a file. In turn, Central Payroll will take that file and import it into the Human Resources (HR) payroll web product, so that the deductions are there without anyone from Milwaukee County having to physically key them. Ceridian will touch base with Great-West once the file is received so that it can be looked at and checked for formatting. The file will be able to be tested once employees are in the database. A test load is being done now. Otherwise, testing on that file will be done during the pilot, which will be around July 14, 2006.

Ms. Nesemann explained that the second file is a standard file that is typically done for any 401K or 457 vendor. She went on to state that after the deduction is taken by payroll, Ceridian would need to provide certain data to the vendor. There are just a few things that need to be fine tuned, but this file will also be tested during the pilot on July 14, 2006.

10/A-90 Mr. Morris indicated that the transition would begin on October 8, 2006, which will culminate in a paycheck from Ceridian on November 2, 2006. In that period of time, they will begin initially by using the time and attendance system. Then, they'll move to payroll processing on the new HR payroll web system. Mr. Morris referred the Committee to a timeline report entitled "Project Milestones" that he distributed (copy attached to original minutes) and stated that the key dates in terms of processing are July 14, 2006, August 25, 2006, and September 22, 2006. Mr. Morris stated that those three dates are when they would like to test the deduction import and the file that Ceridian will send to Great-West. Both of these processes will be tested on the three dates previously mentioned.

Questions and comments ensued.

The Committee took no action regarding this informational item.

3. 06DC14 Review of Deferred Compensation Plan participant administrative fee charges.

10/A-151 The Chairman indicated that the this item was placed on the agenda because the ongoing revenues and expenses are generating a surplus each quarter above and beyond what is needed to pay the anticipated plan expenses outside of record keeping. The memo for this item (copy attached to original minutes) explains some of the numbers. He stated that all expenditures are being entered into a system and reconciled against the forfeiture account. The Chairman stated that a determination would need to be made as to whether the revenue being generated by the current participant asset fee is sufficient to cover the plan expenses. The scenarios for this determination was attached to the memo and discussed by the Committee in depth. The Chairman explained that a letter would be prepared

SCHEDULED ITEMS (CONTINUED):

from the Committee informing participants of the change and that it would be effective second quarter.

Questions and comments ensued.

ACTION BY: (Grady) Reduce the participant Plan asset fee from 30 to 24 basis points annualized or 7½ to 6 basis points per quarter effective second quarter. 4-0

AYES: Grady, Ceschin, Britt and Cady (Chair) – 4

NOES: 0

4. 06DC15 From Ennis Knupp and Associates, providing requested revisions to the Statement of Investment Policy and Investment Guidelines of the Milwaukee County Plan of Deferred Compensation. **(INFORMATIONAL, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

APPEARANCE:

Laurel Nicholson, Ennis Knupp and Associates

- 10/A-623 At the last meeting, the Statement Investment Policy was approved with the understanding that there would be some language added per requests by Great-West and also the underlying funds. Committee members received a redline version which included the language that was added under Excessive Trading Procedures. Ms. Nicholson directed the Committee to Page 3 of the Statement Investment Policy where this language is reflected. She then directed the Committee to Page 5 of the policy, which reflects the only other change that was made. She stated that at the last meeting, there had been a request to add language to show that performance is monitored on a quarterly or shorter-term basis and not just a full market cycle. This would allow the flexibility to make any decisions about performance of a fund based on shorter-term performance trends if they were of a nature that would need to be addressed.

The Committee took no action regarding this informational item.

5. 06DC16 From Ennis Knupp and Associates, providing a report on the potential use of Custom Asset Allocation Funds for the Milwaukee County Deferred Compensation Plan.

APPEARANCE:

Laurel Nicholson, Ennis Knupp and Associates

- 10/B-239 Ms. Nicholson explained that custom asset allocation funds would be an alternative to the asset allocation funds that are currently in the plan. The benefit of doing this is it could be customized to the County's plan. Underlying

SCHEDULED ITEMS (CONTINUED):

investment options would be used, and they could be branded more as a Milwaukee County benefit instead of just another fund within the investment plan. She referred the Committee to the memo for this item (copy attached to original minutes) and stated that it contains examples of what an asset allocation fund could look like if it was customized with the underlying investment options. Expense ratios that are listed exclude any possible administrative fees. Great-West provided an estimate that indicated there would be an administrative charge of \$10,000 annually for each fund. That works out to about 27 basis points on the assets within the asset allocation funds that are currently held. That's assuming that the \$10,000 fee is applied to the assets that are within these funds instead of applying them to the plan regardless to whether a participant is using that fund or not.

Ms. Nicholson covered in detail the arguments for and against custom asset allocation funds.

Questions and comments ensued.

The Committee took no action regarding this item.

6. 06DC17 From Ennis Knupp and Associates, providing a report on the performance of Ariel Capital Management and the Ariel Appreciation Fund

APPEARANCE:

Laurel Nicholson, Ennis Knupp and Associates

- 10/A-641 Ms. Nicholson informed the Committee that Ariel is going through a period of some poor relative performance, which is recognized by Ennis Knupp and is a concern. She stated that a great deal of time has been spent reviewing this fund, firm, and strategy. There has been several on site meetings with Ariel to review the investment process. As outlined in the memo, the investment strategy of this fund leads to it excluding certain parts of the market, which include energy, utilities, and technology. This has hurt performance recently. It is felt that given the investment strategy and the way that the market will move in cycles, the investment strategy will most likely have a bounce back in performance. It has shown to do that in previous periods. Ms. Nicholson stated that removing the fund from the lineup at this time would not be the best course of action; therefore, Ennis Knupp and Associates is recommending that the fund be retained in the plan at this time. She indicated that they would continue to monitor this fund closely. The Committee expressed an interest in monitoring the fund's performance closely over the next nine to twelve months.

SCHEDULED ITEMS (CONTINUED):

Questions and comments ensued.

The Committee took no action regarding this item.

7. 06DC18 First Quarter 2006 Performance Report from Ennis Knupp and Associates.
(INFORMATIONAL, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

APPEARANCE:

Laurel Nicholson, Ennis Knupp and Associates

- 10/B-001 Ms. Nicholson gave the Committee an update on the First Quarter Performance Report and the Milwaukee County Deferred Compensation Plan Performance Update Return Summary Ending 04/30/2006 (copies attached to the original minutes) emphasizing the areas of Fixed Income Funds, Balanced Funds, and Market Environment.

Questions and comments ensued.

The Committee took no action regarding this informational item.

8. 06DC19 From Great-West Retirement Services, memos on proposed improvements to record keeping and participant communication for Milwaukee County's Deferred Compensation Plan.

- A. Primary participant call center
- B. Milwaukee County department database
- C. Website design
- D. Future Plan administrative enhancements

APPEARANCES:

Sue Oelke, Great-West Retirement Services

Paul Corchado, Great West Retirement Services

- 11/A-380 A. Ms. Oelke stated that they have received internal approval, and if the Committee desires, the Milwaukee County Deferred Compensation Plan primary call center will be transferred to EMJAY, which is Great-West's facility located in Milwaukee County. This would include a Milwaukee County specific telephone number of 1 (877) 457-MILW. She explained that the reason for the customer plan specific telephone number is this will enable them to capture information on who participants are, what they are doing, and when they are calling. Great-West is not able to capture this information because of the general telephone number currently being used. The general telephone number will still function, so participants will still be serviced. They will just be serviced out of Denver instead of

SCHEDULED ITEMS (CONTINUED):

Milwaukee County at EMJAY. She went on to state that the statistics are not going to be totally accurate for a while because there will be people still using the old telephone number. This wouldn't mean that none of the calls would ever go to Denver because if EMJAY is busy or their work volume is too high, calls will then be routed to Denver just as Denver now routes them to EMJAY if they're busy. This transfer would be ready to go live in July.

Questions and comments ensued.

ACTION BY: (Ceschin) Transfer the plan specific telephone number. 4-0

AYES: Grady, Ceschin, Britt and Cady (Chair) – 4

NOES: 0

- 10/B-644 B. Ms. Oelke stated that as implementation of the new service model for Milwaukee County began, one of the areas that required a fair amount of attention was the service activity by department. What they have done is develop a department database that will now track all service activities, the type of service visit, the location, the number of participants, and whatever type of information is necessary in order to provide the service level that departments need. She expressed concern about departments that might be out there and may not have received a service visit in a few years, which is not acceptable. Departments will be offered services and education that fits the needs of their employees. Basic letters have been developed to confirm service visits and to confirm if a service visit would like to be declined. Ms. Oelke also informed the Committee of the financial education seminars that are available for use that covers investing, budgeting, or some other financial topics that may not be directly related to deferred compensation but will assist people in saving for their retirement.

Questions and comments ensued.

The Committee took no action regarding Component B of Item #8.

- 11/A-009 C. Ms. Oelke explained that although the current website is fine and functional, this is an effort to upgrade the look of the current web design and add the branding of Milwaukee County. Three example posters of Option #1 – Semi Custom, which was developed by Great-West's internal marketing department, Option #2 – Custom, and Option #3 - Custom, which were both developed by a subcontractor, were displayed. She stated that in this case, a look probably lasts three to five years tops, so these are not permanent. She went on to discuss in detail the advantages of each option.

SCHEDULED ITEMS (CONTINUED):

Questions and comments ensued.

- 11/B-378 After further discussion, Chairman Cady confirmed that the Committee wanted Great-West to come back in July with a modified version of Option #2 for the website design.

The Committee took no action regarding Component C of Item #8.

- 10/B-667 D. Mr. Corchado stated that what they are doing is working with Ceridian to make sure that all data specs are received as part of the requirements. This will allow Milwaukee County to turn on any of the enhancement features at any given time. It will also enable Great-West to do so without any modification to the Ceridian files or payroll. Mr. Corchado reviewed the enhancements with the Committee, which included online enrollment, automated distribution processing, salary and beneficiary record keeping, and loans.

Questions and comments ensued.

ACTION BY: (Grady) Adopt the following plan enhancements: Online Enrollment, Automated Distribution Processing, and Salary and Beneficiary Record Keeping. 4-0

AYES: Grady, Ceschin, Britt and Cady (Chair) – 4

NOES: 0

9. 06DC20 From Great-West Retirement Services, providing a 2005 Plan review for the Milwaukee County Deferred Compensation Plan. **(INFORMATIONAL, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

APPEARANCES:

Sue Oelke, Great-West Retirement Services

Paul Corchado, Great West Retirement Services

- 10/B-411 Ms. Oelke referred the Committee to the 2005 Plan Review (copy attached to original minutes) for Milwaukee County. She indicated that this particular report is a first draft. Initially, this report will be produced every six months.

- 10/B-436 Mr. Corchado gave an overview of the report highlighting participation, asset allocation and diversification, participant activity, reality investing, and strategic plan summary.

10. 06DC21 Continuing Education. 2006 National Association of Government Defined Contribution Administrators, Inc. (NAGDCA) Annual Conference.

SCHEDULED ITEMS (CONTINUED):

11/A-476 The Chairman referred the Committee to the information provided (copy attached to original minutes) on the annual NAGDCA Conference, which will be for any Committee members who can and wish to attend. He stated that this is an excellent opportunity to get more training.

ACTION BY: (Grady) Approve reimbursement of registration, travel, and lodging for participation in the 2006 National Association of Government Defined Contribution Administrators, Inc. (NAGDCA) Annual Conference on September 23rd through September 27th. 4-0

AYES: Grady, Ceschin, Britt and Cady (Chair) – 4

NOES: 0

11. 06DC11 Future regularly scheduled meetings of the Select Committee on Deferred Compensation:

- July 31, 2006
- November 13, 2006
- February 12, 2007

11/A-498 The Chairman announced the next regularly scheduled meeting date of July 31, 2006. He indicated that if there were any hardship withdrawal requests that would require the Committee to meet before then, everyone will be notified.

STAFF PRESENT:

Hugh Morris, Business Systems Project Manager, Information Management Services (DAS)

This meeting was recorded on tape. The foregoing items were not necessarily considered in agenda order. Committee files contain copies of the subject reports, communications, resolutions, and ordinances, which may be reviewed upon request to the Chief Committee Clerk. The official copy of these minutes is available in the County Board Committee Services Division.

Length of meeting: 9:05 a.m. to 11:30 p.m.

Adjourned,

Jodi Kapp

Committee Clerk

Select Committee on Deferred Compensation

Chairperson: Steve Cady, 278-4347
Clerk: Jodi Mapp, 278-4073

SELECT COMMITTEE ON DEFERRED COMPENSATION

Monday, July 31, 2006 – 9:00 a.m.

Milwaukee County Courthouse - Room 203-P

MINUTES

CASSETTE: 11; Side A, 501 to EOT
11; Side B, 001 to EOT
12; Side A, 001 to 578

PRESENT: Mark Grady, Susan Walker, Veronica Britt, and Steve Cady (Chair)
EXCUSED: Rick Ceschin

SCHEDULED ITEMS:

**** CLOSED SESSION ****

The Committee may adjourn into closed session under the provisions of Wisconsin Statutes, Section 19.85(1)(f), for the purpose of discussing the following matter(s). The Committee may reconvene into open session to take whatever action(s) it may deem necessary on the said matter(s).

1. 06DC22 Appeal(s) from deferred compensation participant(s) of decisions regarding request(s) for hardship withdrawal(s) of funds from Milwaukee County's Deferred Compensation Plan.

11/A-516 **There were no appeals.**

2. 06DC23 Report from Department of Administrative Services-Information Management Services Division (DAS-IMSD) and Ceridian Corporation regarding the status of the proposed human resource and payroll interface with the County's Deferred Compensation program. **(VERBAL REPORT FROM IMSD, MEMO FROM GREAT-WEST RETIREMENT SERVICES, INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

APPEARANCES:

Hugh Morris, Business Systems Project Manager, Information Management Services (DAS)
Paul Corchado, Great West Retirement Services
Kelly Nesemann, Project Manager, Ceridian

SCHEDULED ITEMS (CONTINUED):

- 11/A-543 Mr. Morris distributed a memo (copy attached to original minutes) and indicated the initial test of running the Ceridian payroll system was recently completed in July. In that payroll, a file was generated through an interface and forwarded to Great-West. Great-West did some initial processing on the file, sent it back to Ceridian, and requested that changes be made. Ceridian made the adjustments and returned the file back to Great-West. Ceridian is now awaiting feedback from Great-West. Mr. Morris stated that Ceridian is also requesting that a return file be generated from Great-West that will facilitate more support of web enrollment. This should also alleviate some of the work done by Central Payroll making the whole process more efficient.
- 11/A-563 Mr. Corchado explained that Great-West is in the process of providing Ceridian with a customized file layout for the salary deferral file, which will allow participants to make adjustments to their salary deferral amount via the internet. This new file format is going to take some time to create and may not be available until the early part of 2007. The letter provided by Great-West (copy attached to original minutes) detailed this process.
- 11/A-588 Ms. Neseemann stated that at this time, employees would continue the process of filling out the appropriate paperwork and taking it down to Central Payroll who would then, in turn, key in the deductions. Once the web is up, Ceridian would like to have Great-West produce a file that Central Payroll would import into Ceridian's HR payroll web product. She indicated that if for some reason the interface could not be done, web enrollment could still be done. Central Payroll would just have to pull a report to get the deferral amounts.

Questions and comments ensued.

The Committee took no action regarding this informational item.

3. 06DC24 From Ennis Knupp and Associates, providing a report on the Heartland Value Fund.

APPEARANCES:

Laurel Nicholson, Ennis Knupp and Associates
Russ Ivinjack, Ennis Knupp and Associates

- 11/A-617 Ms. Nicholson referenced the report submitted (copy attached to original minutes) and stated that the Heartland Value Fund currently holds about 3% of the plan assets, which is roughly \$6 million of participant assets. She indicated that in recent months, there has been staff changes that have taken place within the firm involving portfolio managers. Those changes were explained in detail. There is no recommendation to take any action at this time due to the firm's staff changes; however, Ennis Knupp will continue to monitor the situation closely. They met

SCHEDULED ITEMS (CONTINUED):

with the Heartland team in June, and they are scheduled to meet again today. Ms. Nicholson went on to state that Heartland is a small cap value fund with some micro-cap exposure. Its return history is somewhat volatile, but it has been successful and outperformed over the long term. As of late 2005 and recently, it had a good run of performance. A year ago they saw some bumps in the road, but overall performance has been strong. Ms. Nicholson indicated that they continue to think that Heartland is an appropriate offering within the plan.

Questions and comments ensued.

11/A-689 The Chairman raised a question regarding the past performance score. He wanted information as to how a fund earns points and how the score is calculated. Ms. Nicholson stated that the score is based on a confidence level analysis, volatility, length of the track record, and the Sharp Ratio analysis, which she explained in detail.

4. 06DC25 From Ennis Knupp and Associates, providing a report on the Washington Mutual Fund.

APPEARANCES:

Russ Ivinjack, Ennis Knupp and Associates

Laurel Nicholson, Ennis Knupp and Associates

11/B-046 Mr. Ivinjack stated Washington Mutual is a large cap fund. This fund is unique in that it, by charter, focuses on very high quality stocks or companies that have a great consistent track record of paying dividends. It is called a blue chip fund with a dividend focus. This fund holds about \$4.3 million, which is about 2% of plan assets. Over the past three years, this has been a market place that has not liked high quality or blue chip stocks. This has hurt performance. Mr. Ivinjack went on to explain that when you look at this fund's performance versus the Russell 1000 Value index, which is the most common value benchmark used, this has been a handicap for the fund relative to the benchmark and has also hurt performance. He reviewed for the Committee the various charts and graphs contained in the report (copy attached to original minutes).

Ennis Knupp's overall assessment of the fund is to retain it and continue to watch performance. Mr. Ivinjack indicated that they still believe Capital Research is one of the best firms in the marketplace. It is felt that much of their underperformance is more of a reflection of their overall investment style being so high quality blue chip focused as opposed to poor execution in totality. It is obvious that some stocks have not performed as well, pharmaceuticals being an example. He stated that they think over the long term, this fund will serve participants well because it plays an important role as being the defensive equity oriented fund in the program.

SCHEDULED ITEMS (CONTINUED):

Questions and comments ensued.

The Committee took no action regarding this informational item.

5. 06DC26 Second Quarter 2006 Performance Report, from Ennis Knupp and Associates.
(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

APPEARANCE:

Laurel Nicholson, Ennis Knupp and Associates

- 11/B-466 Ms. Nicholson gave the Committee an update on the Second Quarter Performance Report (copy attached to original minutes) providing an overview of the areas including Market Environment, Fixed Income Funds, Balanced Funds, U.S. Stock Funds, and Non-U.S. Stock Funds.

Questions and comments ensued.

The Committee took no action regarding this informational item.

6. 06DC27 Communication from Great-West Retirement Services regarding mutual fund revenue sharing and Stable Value Fund management fees.

APPEARANCE:

Sue Oelke, Great-West Retirement Services

- 12/A-001 The Chairman initiated discussion on this item by stating that this proposal letter from Great-West (copy attached to original minutes) addresses the issue of commissions that are paid by mutual fund companies to the third party administrator. These commissions are retained by Great-West under the contract terms. Upon further analysis, Great-West indicated that as the fund assets have grown, the mutual fund re-allowances or commissions are growing and per the contract, are being kept by Great-West. Great-West is proposing to cap the amount of the commissions that are retained by them each year at \$125,000. Any excess would be put back into the plan and deposited in the forfeiture account to be used for other plan activities. This would be effective as of January 1st of this year, so it would be in place for the entire year. They are also proposing a five basis point reduction in the stable value fund management fee from 40 to 35 basis points if and when the stable value fund reaches \$100 million size in assets.

- 12/A-56 Ms. Oelke concurred with the Chairman by stating that the reimbursables have gotten quite large. Great-West felt this was something that should be brought to the Committee's attention, and therefore offers the proposal for partnership as it

SCHEDULED ITEMS (CONTINUED):

relates to the sharing of this additional revenue.
Questions and comments ensued.

ACTION BY: (Grady) Accept and approve terms and conditions under Items 1 and 2 as set forth in the proposal letter dated June 12, 2006, submitted by Great-West. (Motion seconded by Britt.) 4-0

AYES: Grady, Walker, Britt and Cady (Chair) – 4

NOES: 0

7. 06DC28 From Great-West Retirement Services, an update on proposed improvements to participant communication for Milwaukee County's Deferred Compensation Plan.

APPEARANCE:

Sue Oelke, Great-West Retirement Services

- 12/A-212 Ms. Oelke began by referring the Committee to the report reflecting the various web design options (copy attached to original minutes). She stated that three different options were presented at the last scheduled meeting. At that time, the Committee made a decision to move ahead with some modifications to Option #2, the ticket design. Comments made by the Committee were taken back to the web team who came up with two different ticket designs, which are attached to the report. It is anticipated that the new look ultimately selected will stay in effect for three to four years at which time it will need refreshing. Ms. Oelke stated these options are now before the Committee for consideration and possible approval of the layout and the design of the marketing pieces. The intention is to launch the new website in October of this year.

Committee members expressed concern regarding the photo of Miller Park displayed in the first example web design since it is not a County sponsored facility.

Questions and comments ensued.

After further discussion, the Committee selected the first web design presented in the report with the following modifications: replace the Miller Park photo with another major Milwaukee County sponsored landmark, make pictures incorporated in the design bigger, and lastly, add color to the white ticket currently displayed.

- 12/A-422 The second part of this item pertains to the newsletter. In the past, plan participants have received a standard newsletter. Great-West forwarded a letter (copy attached to original minutes) stating they would like to produce a semi-custom newsletter for Milwaukee County. They would take the ticket theme used for the website and create a mast heading. Milwaukee County would have

SCHEDULED ITEMS (CONTINUED):

control over what is presented on the home page. Approximately 45 days before the end of each quarter, they would submit to the Committee sample articles from Smart Money. The Committee would then pick and choose the articles to appear in the newsletter as well as any special articles. This gives the option to communicate directly with the participants and offer plan specific information without doing a direct marketing campaign. It is anticipated to introduce the custom newsletter at the same time as the launch of the new website.

Questions and comments ensued.

- 12/A-451 The last part of this item pertains to the EMJAY move. It was decided earlier this year by the Committee to move the primary call center from Denver, Colorado to Glendale, Wisconsin, which is located in Milwaukee County. The Committee requested that Great-West come back with a communication plan as to how participants would be informed of this change (copy attached to original minutes). Ms. Oelke indicated Great-West intends to get the new call center information to plan participants by including a business card in the letter the Committee plans to send regarding the fee reduction, post the new information on the home page of the website and in the new newsletter, include it with the quarterly statement, sticker existing marketing pieces, and change voice mail for local staff to include the new phone number.

Questions and comments ensued.

The Committee took no voting action regarding this informational item.

8. 06DC29 Future regularly scheduled meetings of the Select Committee on Deferred Compensation:
- November 13, 2006
 - February 12, 2007

(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

- 12/A-548 The Chairman announced the next two regularly scheduled meeting dates of November 13, 2006 and February 12, 2007. He stated that he would be contacting Committee members and consultants to add more meeting dates for 2007. This should help as far as the submission of reports, reserving rooms, and planning vacations. The Chairman indicated that if there were any hardship withdrawal requests that would require the Committee to meet prior to the next scheduled meeting date, everyone would be notified.

SCHEDULED ITEMS (CONTINUED):

STAFF PRESENT:

Hugh Morris, Business Systems Project Manager, Information Management Services (DAS)

This meeting was recorded on tape. Committee files contain copies of the subject reports, communications, resolutions, and ordinances, which may be reviewed upon request to the Chief Committee Clerk. The official copy of these minutes is available in the County Board Committee Services Division.

Length of meeting: 9:00 a.m. to 11:00 a.m.

Adjourned,

Jodi Kapp

Committee Clerk

Select Committee on Deferred Compensation

Chairperson: Steve Cady, 278-4347
Clerk: Jodi Mapp, 278-4073

SELECT COMMITTEE ON DEFERRED COMPENSATION

Monday, November 13, 2006 – 9:00 a.m.

Milwaukee County Courthouse - Room 203-P

MINUTES

CASSETTE: 12; Side A, 579 to EOT
12; Side B, 001 to EOT
13; Side A, 001 to 356

PRESENT: Mark Grady, Susan Walker, Rick Ceschin, Veronica Britt, and Steve Cady (Chair)

SCHEDULED ITEMS:

**** CLOSED SESSION ****

The Committee may adjourn into closed session under the provisions of Wisconsin Statutes, Section 19.85(1)(f), for the purpose of discussing the following matter(s). The Committee may reconvene into open session to take whatever action(s) it may deem necessary on the said matter(s).

1. 06DC30 Appeal(s) from deferred compensation participant(s) of decisions regarding request(s) for hardship withdrawal(s) of funds from Milwaukee County's Deferred Compensation Plan.

12/A-589 **There were no appeals.**

2. 06DC31 Financial Update on Administration of Milwaukee County's Deferred Compensation Plan. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

12/A-592 The Chairman prepared a budget document (copy attached to original minutes) for the Committee's review that tracks the revenue and expenditures of the plan and will continue to do so for future meetings. He summarized the report explaining the budgetary amounts in detail.

Questions and comments ensued.

SCHEDULED ITEMS (CONTINUED):

12/B-17 After further discussion of the budget document, the Committee agreed that the Chairman would assemble information relating to participant fee options and the forfeiture account balance, fiduciary insurance for the members of the Select Committee, and a proposed request for proposals for an accounting review of the Plan. This information will be considered at the next regularly scheduled meeting of the Select Committee.

The Committee took no action regarding this informational item.

3. 06DC32 From Ennis Knupp and Associates, providing a report on the Pacific Investment Management Company (PIMCO).

APPEARANCES:

Laurel Nicholson, Ennis Knupp and Associates
Russ Ivinjack, Ennis Knupp and Associates

12/B-61 Ms. Nicholson stated that overall, they think that PIMCO is an excellent organization. The PIMCO Total Return Fund is one of the premiere bond funds available. One of the key strengths of PIMCO is the staff, which includes one of the most prominent portfolio/investment managers in the business. She reviewed the report (copy attached to original minutes) highlighting performance and peer group comparison.

12/B-112 Mr. Ivinjack added this is an organization that they spend a lot of time monitoring. Ennis Knupp has recommended PIMCO since the inception of the firm.

Questions and comments ensued.

The Committee took no action regarding this informational item.

4. 06DC33 From Ennis Knupp and Associates, providing a report on the EuroPacific Growth Fund.

APPEARANCES:

Laurel Nicholson, Ennis Knupp and Associates
Russ Ivinjack, Ennis Knupp and Associates

12/B-139 Ms. Nicholson stated that this is another organization that Ennis Knupp monitors closely. The mutual fund is distributed by the American Fund Family and the investment manager is Capital Research & Management. The EuroPacific Growth Fund is a newer fund that was added to the plan. It replaced T. Rowe Price International Stock Fund last year. She explained Ennis Knupp finds the approach of the fund unique in that they utilize a multi-manager investment strategy. The portfolio is split up into several different pieces. Each piece is managed by a

SCHEDULED ITEMS (CONTINUED):

portfolio manager and then a group of research analysts. This gives extreme diversity in terms of the names that are held and the investment approaches that are used within each segment, which has resulted in strong performance.

Ms. Nicholson and Mr. Ivinjack discussed organizational developments in which the organization was fined regarding past practices. There was no practices done outside the industry rules and no harm was done to shareholders; therefore, the organization continues to contest the fine.

Ms. Nicholson reviewed the report (copy attached to original minutes) highlighting performance, peer group comparison, and the Morningstar Category Rank. Overall, Ennis Knupp thinks this is a good option for the plan and participants. It is a low-cost international equity option, and retention of this fund is recommended.

Questions and comments ensued.

The Committee took no action regarding this informational item.

5. 06DC34 Third Quarter 2006 Performance Report from Ennis Knupp and Associates.
(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

APPEARANCES:

Laurel Nicholson, Ennis Knupp and Associates
Russ Ivinjack, Ennis Knupp and Associates

- 12/B-308 Ms. Nicholson gave the Committee an update as it relates to the Third Quarter Performance Report (copy attached to original minutes) providing a year-to-date overview summary of the Market Environment, Fixed Income Funds, Balanced Funds, U.S. Stock Funds, and Non-U.S. Stock Funds. She also discussed the funds that returned negative performance during the third quarter and under performed their benchmarks.

Questions and comments ensued.

The Committee took no action regarding this informational item.

6. 06DC35 Annual Plan Review Report, from Ennis Knupp and Associates.
(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

SCHEDULED ITEMS (CONTINUED):

APPEARANCES:

Laurel Nicholson, Ennis Knupp and Associates

Russ Ivinjack, Ennis Knupp and Associates

12/B-477 Ms. Nicholson began the annual review (copy of report attached to original minutes) by stating the Milwaukee County Deferred Compensation Plan was compared to other deferred compensation plans. They examined the investment structure and the individual options. She discussed automatic features and the default fund and whether or not they warrant changes. Milwaukee County working with Great-West to set communication and education goals is thought to be an excellent strategy. It requires setting annual plans which produce measurable results. As far as the plan as a whole is concerned, Ennis Knupp is not recommending any funds be removed at this time.

Ms. Nicholson continued by discussing in detail the fee schedule and fee comparisons, the Global Stock Fund, the continuous close monitoring of the Ariel Appreciation Fund, how the plan compared to the Profit Sharing Council of America survey (which serves as a benchmark), plan participation and deferral rates, demographics of the plan, investment cost comparison with market averages, the Key Defined Contribution Provisions of the Pension Reform Act of 2006, and the best practices as it relates to what Milwaukee County is or is not currently using.

Chairman Cady asked if the Plan provided adequate investment education and advice opportunities to its participants. Ms. Nicholson stated that she believes the Plan does provide adequate education and advice services.

Questions and comments ensued.

The Committee took no action regarding this informational item.

**** CLOSED SESSION ****

The Committee may adjourn into closed session under the provisions of Wisconsin Statutes, Section 19.85(1)(e), for the purpose of discussing the following matter(s). The Committee may reconvene into open session to take whatever action(s) it may deem necessary on the said matter(s).

7. 06DC36 From Ennis and Knupp and Associates, regarding renewal of its consulting contract for the period October 1, 2006 through September 30, 2007.

Discussion ensued amongst Committee members regarding the renewal of this contract and perhaps doing an RFP.

SCHEDULED ITEMS (CONTINUED):

ACTION BY: (Ceschin) Approve the contract with Ennis Knupp and Associates for the period of October 1, 2006 through September 30, 2007 in the amount of \$50,000. (Motion seconded by Britt.) 5-0

AYES: Grady, Walker, Ceschin, Britt and Cady (Chair) – 5

NOES: 0

8. 06DC37 Presentation by Mr. Gregg Seller, Senior Vice President of Great-West Retirement Services, providing an overview of Great-West Retirement Services and its vision for the future of governmental deferred compensation plans. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

APPEARANCE:

Gregg Seller, Senior Vice President, Great-West Retirement Services

- 13/A-589 Mr. Seller gave a comprehensive presentation of the twelve-year partnership between Great-West and Milwaukee County. He emphasized key points of the report (copy attached to original minutes) by explaining the role of Great-West Retirement Services and various aspects of the partnership which included milestones, future endeavors, government market and where Great-West ranks, what other counties and cities Great-West serves, their commitment to Milwaukee County, their corporate objective, and their long-term strategic vision.

The Committee took no action regarding this informational item.

9. 06DC38 From Great-West Retirement Services, regarding status of Plan Enhancements.

APPEARANCE:

Sue Oelke, Great-West Retirement Services

- 13/B-268 Ms. Oelke updated the Committee on the plan enhancements that were discussed at previous meetings. She stated the call center transition in October was successful. The response received from participants has been very positive. Participants appear to be happy with the change, and there have been no concerns voiced at this point. The call center will continue to be monitored closely.

Ms. Oelke indicated the custom participant newsletter was implemented the last quarter. Sample articles were submitted to the Chairman who in turn chose what was to appear in the newsletter. This allows the Committee's input as it relates to the content that is contained within the newsletter.

She informed the Committee that the new website has been introduced. There are four phases that will need to be completed to fully implement the website. Phases one and two are complete. Great-West is working on phase three, which

SCHEDULED ITEMS (CONTINUED):

should be complete by December, and phase four would be completed in January. Once more data is attained and phase three is implemented, target messaging will be introduced. A plan to solicit feedback from website users on the new design changes was also discussed.

Ms. Oelke stated that these enhancements will be worked on continually.

Questions and comments ensued.

The Committee took no action regarding this informational item.

10. 06DC39 Future regularly scheduled meetings of the Select Committee on Deferred Compensation:
- February 12, 2007
 - May 21, 2007
 - July 30, 2007
 - November 19, 2007

(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

- 13/B-350 The Chairman indicated that the future meeting dates list was emailed to all parties concerned a few weeks ago to try and help set the calendar for the next year. The next meeting will be February 12, 2007, and the dates for the remainder of the year is listed above for planning purposes.

This meeting was recorded on tape. Committee files contain copies of the subject reports, communications, resolutions, and ordinances, which may be reviewed upon request to the Chief Committee Clerk. The official copy of these minutes is available in the County Board Committee Services Division.

Length of meeting: 9:05 a.m. to 11:35 a.m.

Adjourned,

Jodi Kapp
Committee Clerk
Select Committee on Deferred Compensation